

Our Work –

Economic Growth and Trade Lobby Page

Almost two-thirds of the world's population lives on less than \$2 per day. Families are hard-pressed, at this level of income, to meet their daily needs for food and shelter. They find it difficult to provide education for their children, build up savings for a rainy day, or improve their standard of living by making more investments in a business that can generate larger income flows.

These families often live in countries that are called “least developed”, that is, with an average per capita gross national income (GNI) less than \$XXX per year or “developing”, that is, a per capita GNI of less than \$YYY per year. USAID partners with these countries to support their efforts to improve the levels of income their citizens enjoy. Governments are responsible for adopting policies that provide a good environment for business that creates jobs and establish needed organizations and institutions of governance, such as courts, banks and telecommunications regulators. Governments also make specific investments in public services such as education, health, and transport systems using taxes collected on trade and incomes. Private entrepreneurs and investors, if provided appropriate incentives, security and access to markets, use their ideas, knowledge, and capital to establish companies that produce a wide variety of goods and services. In developing countries, many of the businesses are very small microenterprises that employ fewer than ten people.

Trading opportunities permit business enterprises to specialize in various products and services. The process of exchanging products and services through market operations, or trade, generates more wealth than would be otherwise created if companies were less specialized. Companies generally seek to build their businesses on the basis of some local advantage – oil, gold, land that can be used to produce crops, factories that make use of the labor that large urban populations provide, and so forth. USAID experience has shown that countries can boost the ability of the companies located in their territory to compete more effectively in trade if they pay attention to their policies and organizations of governance, the health and education of the workers, and the establishment of infrastructure such as modern energy systems, roads, airports, and seaports that enable goods to be produced and moved quickly and efficiently. Information about markets is increasingly understood to be an important element of efficient trade. Telecommunications and internet facilities are critical to trade.

USAID economic growth and trade programs provide support both to government and private sector partners. Economic growth and trade programs are closely integrated with other programs that support democracy and governance, sound management of the environment, increased agricultural output, and, of course, education and health.